GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2203
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Electronics Industry in India
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Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics and Information Technology be pleased to state:

(a) whether electronics industry is the largest and most rapidly growing industry in the world;
(b) if so, the rank of India among the major electronics industries of the world;
(c) whether high growth in the electronics industry have become possible due to the increasing rate of income and increasing demand of people;
(d) if so, the details thereof;
(e) whether Indian electronics industry is under threat from Chinese electronics industry; and
(f) If so, the strategy adopted by India to face the challenge?

Answer

(a) to (d): The growth rate of electronics hardware industry in the world was higher than the overall growth of world manufacturing in 2016. The world production of Electronics is estimated to be 2 trillion USD. India is a net importer of electronic products and does not figure among the major producers or exporters of electronics in the world. In general, it is seen that as an economy grows, with a rise in per capita income, there is also an increase in the consumption of electronic products, including electronic consumer durables. With the continuing rise in application of electronics and associated technologies in a wide range of areas, the consumption of electronic products is likely to continue to rise in the foreseeable future.

(e) and (f): At this juncture, India imports electronic products to the tune of 40 billion USD, of which, China accounts for a significant proportion. As per the available figures, the share of China in total import of electronics into India was about 55 per cent in 2015-16. The Government has adopted various measures to encourage the production of electronic goods under the 'Make in India' strategy. Steps taken by the Government for promoting indigenous manufacturing of electronic goods are listed at Annexure.

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Annexure
Steps taken by the Government to promote indigenous manufacturing of electronic goods

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country"s needs and serve the international market.
3. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects. For high technology and high capital investment units like Fabs, production subsidy @10% is also provided.

4. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs.50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs.50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
5. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
6. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
7. For promotion of exports in the sector, Merchandise Exports from India Scheme (MEIS) and Export Promotion Capital Goods (EPCG) Scheme are available under the Foreign Trade Policy, 2015-20. MEIS offers export incentives so as to offset disabilities of manufacturing. The export incentive for electronic goods is available @ 2% of FOB value of export. Zero duty EPCG scheme allows import of capital goods at zero customs duty, subject to specified export obligation.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required

by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods, including inter-alia Televisions, Electronic Components, Set Top Boxes, LED Products, Medical Electronics, Solar PV Cells and Microwave Ovens.
10. To promote indigenous manufacturing of Televisions, baggage rules have been amended to ban duty free import of Flat Panel Television Sets w.e.f. August 2014 under the baggage allowance.
11. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
Skill Development
12. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.
13. The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.
Promotion of Innovation and R&D
14. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
15. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed to promote indigenous manufacturing of Set Top Boxes (STBs). The iCAS is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCAS in the cable networks is underway.
16. An Electropreneur park has set up in New Delhi for providing incubation for development of ESDM sector which will contribute to IP creation and Product Development in the sector.
17. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) has been set up in IIT-Kanpur with the objectives to promote R&D and Manufacturing Ecosystems; Entrepreneurship, International Partnerships and Human Resource development and develop prototypes in collaboration with industry for commercialization.
18. National Centre of Excellence for Technology on Internal Security (NCETIS) has been set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
19. Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
20. An Incubation center with focus on medical electronics has been set up at Indian Institute of Technology-Patna.
21. An Incubation Center at Kochi with focus on consumer electronics is being set up at IIITM, Kochi.
22. The Ministry of Electronics and Information Technology (MeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
23. MeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote Innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years.
24. MeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing challenges associated with the development of innovative medical electronic devices and making them available, accessible and affordable to the people at the bottom of the pyramid.
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